

HOPKINS AREA FIRE CONTROL BOARD

ALLEGAN COUNTY, MICHIGAN

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Hopkins	County Allegan
Fiscal Year End March 31, 2007	Opinion Date October 26, 2007	Date Audit Report Submitted to State November 28, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

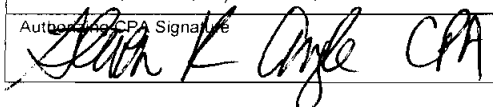
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Angle & Steffes, P.C.		Telephone Number 269-686-9050	
Street Address 424 Western Ave, Suite A		City Allegan	State MI
Zip 49010		License Number 14653	
Authorized CPA Signature 		Printed Name Steven K. Angle, CPA	

HOPKINS AREA FIRE CONTROL BOARD

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INDEPENDENT AUDITOR'S REPORT

October 26, 2007

To the Hopkins Area Fire Control Board
Allegan County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hopkins Area Fire Control Board, Allegan County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Fire Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hopkins Area Fire Control Board, Allegan County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hopkins Area Fire Control Board as of March 31, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The accompanying management's discussion and analysis and budgetary comparison information as noted in the table of contents are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hopkins Area Fire Control Board's basic financial statements. The accompanying other supplemental information, as identified in the index, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,


Angle & Steffes, P.C.
Certified Public Accountants

MANAGEMENT DISCUSSION & ANALYSIS

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Fire Control Board as a whole and present a long-term view of the Fire Control Board's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Fire Control Board's operations in more detail than the government-wide financial statements.

The Fire Control Board as a Whole

The Hopkins Fire Control Board's financial position has remained stable over the past years. The fire service charges and community contracts support the operational expenses of maintaining the fire services.

Government Wide Statements

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current Assets	\$ 48,501	\$ 36,338
Capital Assets	<u>222,160</u>	<u>228,998</u>
Total Assets	270,661	265,336
<u>Liabilities</u>		
Current Liabilities	<u>8,320</u>	<u>2,200</u>
<u>Net Assets</u>		
Invested in Property and Equipment	222,160	228,998
Unrestricted	<u>40,181</u>	<u>34,138</u>
Total Net Assets	\$ 262,341	\$ 263,136
<u>Revenues</u>		
Charges for Services	\$ 120,660	\$ 106,900
Interest and other revenues	<u>704</u>	<u>415</u>
Total Revenues	121,364	107,315
<u>Expenses</u>		
Public Safety	\$ 122,159	\$ 109,733

Current and Future Projects

In the fire department's quest to update equipment and fire fighting apparatus, the chief and his staff regularly apply for grants to offset the cost. The fire which department was awarded a \$13,740 grant in 2007 which was used to purchase the jaws of life and other rescue equipment to be used in the Watson Township substation which was put into use earlier this year.

We currently have 25 firefighters. Approximately 10 are in the area of the Watson Township station. The Watson Township residents are very happy to have the fire department able to respond to calls in their area more quickly. They are also enjoying the lower homeowner insurance premiums.

Included in the 25 firefighters are three new recruits currently in an intensive firefighting training program. These gentlemen are giving up their Saturdays for six months in order to earn their firefighter status. We also have three firefighters who are training to be first responders. This will be an asset to our community.

The fire board has purchased a new pumper/tanker to replace a 1979 model that was no longer efficient. The fire department is currently looking to replace the rescue unit with a newer used model. Our fire department is very diligent about keeping the vehicles and firefighting apparatus in excellent condition. They are very aware of our budget limitations and choose equipment in a most effective manner. The Hopkins Area Fire Board and the community are very fortunate to have this group of dedicated individuals to serve in our emergencies.

Contacting the Fire Control Board Management

This financial report is intended to provide our community citizens, taxpayers, customers and investors with a general overview of the Hopkins Area Fire Control Board's finances and to show the Fire Board's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Fire Control Board's Secretary/Treasurer.

**HOPKINS AREA FIRE CONTROL BOARD
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2007**

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 39,653	\$ 39,653
Investments	0	0
Receivables - net	6,200	6,200
Prepays	2,648	2,648
Capital assets - net	<u>222,160</u>	<u>222,160</u>
 Total Assets	 <u>270,661</u>	 <u>270,661</u>
LIABILITIES		
Accounts payable	0	0
Accrued and other liabilities	8,320	8,320
Noncurrent Liabilities		
Due within one year	0	0
Due in more than one year	<u>0</u>	<u>0</u>
 Total Liabilities	 <u>8,320</u>	 <u>8,320</u>
NET ASSETS		
Invested in Capital Assets		
Net of related debt	222,160	222,160
Restricted For		
Public safety	<u>40,181</u>	<u>40,181</u>
 Total Net Assets	 <u>\$ 262,341</u>	 <u>\$ 262,341</u>

The Notes to Financial Statements are an integral part of this statement.

**HOPKINS AREA FIRE CONTROL BOARD
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2007**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Public safety	122,159	120,660	0	0	(1,499)	0	(1,499)
Total Governmental Activities	122,159	120,660	0	0	(1,499)	0	(1,499)
Total Primary Government	<u>\$ 122,159</u>	<u>\$ 120,660</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(1,499)</u>	<u>0</u>	<u>(1,499)</u>
General Revenues							
Investment earnings					704	0	704
Transfers					0	0	0
Total General Revenues-Special Items and Transfers					<u>704</u>	<u>0</u>	<u>704</u>
Change in Net Assets					(795)	0	(795)
Net Assets-Beginning					263,136	0	263,136
Net Assets-Ending					<u>\$ 262,341</u>	<u>\$ 0</u>	<u>\$ 262,341</u>

The Notes to Financial Statements are an integral part of this statement.

HOPKINS AREA FIRE CONTROL BOARD
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2007

ASSETS	General Fund	Capital Equipment Fund	Non-Major Governmental Fund - Building	Total Governmental Fund
Cash and cash equivalents	\$ 8,943	\$ 30,710	0	\$ 39,653
Investments	0	0	0	0
Due from other funds	0	0	6,200	6,200
Prepays	2,648	0	0	2,648
Total Assets	11,591	30,710	6,200	48,501
LIABILITIES				
Accounts payable	0	0	0	0
Due to federal government	2,120	0	0	2,120
Due to other funds	6,200	0	0	6,200
Total Liabilities	8,320	0	0	8,320
FUND BALANCES				
Reserved for				
Equipment purchases	0	30,710	0	30,710
Building maintenance	0	0	6,200	6,200
Unreserved	3,271	0	0	3,271
Total Fund Balances	\$ 3,271	\$ 30,710	\$ 6,200	\$ 40,181

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

222,160

Net Assets of Governmental Activities

The Notes to Financial Statements are an integral part of this statement.

\$ 262,341

HOPKINS AREA FIRE CONTROL BOARD
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

March 31, 2007

Revenues	General Fund	Capital Projects Fund	Non-Major Governmental Funds - Building	Total Governmental Funds
Grants	0	0	0	0
Charges for services	120,660	0	0	120,660
Interest and rentals	108	596	0	704
Other revenue	0	0	0	0
Total Revenues	120,768	596	0	121,364
Expenditures				
Current				
Public safety	102,385	0	0	102,385
Capital outlay	12,936	0	0	12,936
Total Expenditures	115,321	0	0	115,321
Excess of Revenues Over (Under)				
Expenditures	5,447	596	0	6,043
Other Financing Sources (Uses)				
Transfers in	0	5,000	2,000	7,000
Transfers (out)	(7,000)	0	0	(7,000)
Total Other Financing Sources (Uses)	(7,000)	5,000	2,000	0
Excess of Revenue and Other Sources Over (Under)	(1,553)	5,596	2,000	6,043
Expenditures and Other Uses				
Fund Balance-April 1, 2006	4,824	25,114	4,200	34,138
Fund Balance-March 31, 2007	\$ 3,271	\$ 30,710	\$ 6,200	\$ 40,181

The Notes to Financial Statements are an integral part of this statement.

**HOPKINS AREA FIRE CONTROL BOARD
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hopkins Area Fire Control Board was created pursuant to the provisions of Section 6, Act 33, Public Acts of Michigan, 1951, as amended, for the purpose of providing fire protection and related services for the Village of Hopkins and the Townships of Hopkins and Watson.

The accounting policies of the Hopkins Area Fire Control Board conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Fire Control Board Activity. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**HOPKINS AREA FIRE CONTROL BOARD
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund is a Special Revenue Fund of the Fire Board. The Capital Project Fund is used to account for the proceeds of specific revenue that are legally restricted to expenditures for specified purposes.

The Building Maintenance Fund is the only non-major fund of the Fire Board. This fund is used to designate funds for repair and maintenance of the fire barn.

**HOPKINS AREA FIRE CONTROL BOARD
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Fire Control Board does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown as net of allowance for uncollectible amounts.

**HOPKINS AREA FIRE CONTROL BOARD
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment & Fire Trucks	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**HOPKINS AREA FIRE CONTROL BOARD
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements only for the effect of the inclusion of capital assets.

Capitalized Asset Costs	\$ 472,105
Less Accumulated Depreciation	<u>(249,945)</u>
Capital Assets, net	222,160
Governmental Fund Balances	<u>40,181</u>
Net Assets of Governmental Activities	<u>\$ 262,341</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Fire Control Board follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Board, therefore, the level of budgetary responsibility is by total appropriations however, for report purposes, this level has been expanded to a functional basis (Public Safety).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year the Local Government Unit did exceed the budget.

	Budget	Actual
General Fund:		
Payroll taxes	1,735	3,854
Operating supplies	3,315	5,774
Capital outlay	11,555	12,936

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**HOPKINS AREA FIRE CONTROL BOARD
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$ 39,653	\$ 39,653

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 39,653
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	<u>\$ 39,653</u>

The bank balance of the primary government's deposits is \$39,653 of which \$39,653 is covered by federal depository insurance.

**HOPKINS AREA FIRE CONTROL BOARD
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	Major Funds		Non-Major and Other Funds	Total
	General Fund	Capital Equip Fund		
Fire Run & Taxes receivable	\$ 0	\$ 0	\$ 0	\$ 0
Due from other funds	0	0	6,200	6,200
Less: allowance for uncollectibles	0	0	0	0
Net Receivables	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,200</u>	<u>\$ 6,200</u>

Due From General Fund:

The building maintenance fund maintains a cash balance which is included within the General Fund cash accounts. This receivable reflects the earmarked cash by the board for this purpose.

**HOPKINS AREA FIRE CONTROL BOARD
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital Assets Being Depreciated				
Buildings	0	0	0	0
Improvements other than buildings	9,538	2,550	0	12,088
Fire Equipment	156,855	10,386	0	167,241
Vehicles	<u>292,776</u>	<u>0</u>	<u>0</u>	<u>292,776</u>
Subtotal	<u>459,169</u>	<u>12,936</u>	<u>0</u>	<u>472,105</u>
Less Accumulated Depreciation for				
Buildings	0	0	0	0
Improvements other than buildings	861	604	0	1,465
Fire equipment	95,191	6,068	0	101,259
Vehicles	<u>134,118</u>	<u>13,103</u>	<u>0</u>	<u>147,221</u>
Subtotal	<u>230,170</u>	<u>19,775</u>	<u>0</u>	<u>249,945</u>
Net Capital Assets Being Depreciated	<u>228,999</u>	<u>(6,839)</u>	<u>0</u>	<u>222,160</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 228,999</u>	<u>\$ (6,839)</u>	<u>\$ 0</u>	<u>\$ 222,160</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
Public safety	<u>19,775</u>
Total Governmental Activities	<u>\$ 19,775</u>

**HOPKINS AREA FIRE CONTROL BOARD
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds			
<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
Building Maintenance Fund	\$ 6,200	General	\$ 6,200
Total	<u>\$ 6,200</u>		<u>\$ 6,200</u>

Due To Building Maintenance Fund/Due From General Fund: The building fund maintains a cash balance held in the General Fund cash account.

Interfund Transfers

<u>Transfers In</u>	<u>Transfers (Out)</u>		<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	
Capital Equipment Fund	\$ 5,000	\$ 0	\$ 5,000
Non-Major Governmental Fund	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total	<u>\$ 7,000</u>	<u>\$ 0</u>	<u>\$ 7,000</u>

The General Fund supports and contributes to the capital equipment and building maintenance funds by transferring cash resources to these special revenue funds for future use and needs.

**HOPKINS AREA FIRE CONTROL BOARD
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

NOTE 8 - BUILDING LEASE

The Fire Board does lease the Fire Barn building and the immediately adjoining walk-ways, driveways, antenna and utility lines which serve the building, as well as the real estate on which these facilities rest, from Hopkins Township for the sum of \$1.00 (one dollar) per year, renewed each five (5) year period.

The real property governed by the lease is commonly identified as the Fire Barn Building, adjoining park property, and Franklin Street east of the Township/Village Hall in Hopkins, MI.

NOTE 9 - LOCAL UNIT CONTRIBUTIONS & CONTRACT REVENUES

The annual approved budget for operations and capital equipment reserves is supported by contributions from the member units of the Fire Board in proportion to their respective share - determined by a formula that incorporates population, risk, percentage of fire runs in a unit's area, etc.

The Fire Board also has a service contract with the Township of Monterey (not a member unit) to provide fire protection in a portion of their area. For the period of audit, the contract charges were \$14,000 annually.

NOTE 10 - SUBSEQUENT EVENTS - FIRE TRUCKS

In the year 2003, a 1997 Pumper/tanker was purchased for \$241,339 by the Fire Board members with debt financing. Hopkins Township held title to this truck until payoff, as it was named the responsible party for repayment of the associated truck debt. The Fire Board can not levy taxes nor incur debts on its own. Possession of the truck took place during the fiscal year, however, the title was not transferred to the Fire Board until after the close of the fiscal year end. The Township, as with past purchases, will donate and release the fire truck title to the Fire Board.

A new 2007 Spartan truck was approved for purchase during this fiscal year. Cost of this truck is \$371,104, with a down payment of \$208,000 paid in the month April 2007. The Fire Board was responsible for \$20,000 of this down payment.

This asset, like the 1997 pumper truck, will be financed through Hopkins Township. With anticipated debt payments, the final transfer of title to the Fire Board should take place in the year 2009. Possession and use of the truck will take place in the year 2007.

REQUIRED SUPPLEMENTAL INFORMATION

**HOPKINS AREA FIRE CONTROL BOARD
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2007**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
Beginning of Year Fund Balance	4,824	4,824	4,824	(0)
Resources (Inflows)				
Grants	0	0	0	0
Charges for services	107,850	120,659	120,660	1
Interest and rentals	150	380	108	(272)
Miscellaneous revenues	0	0	0	0
Transfers from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Amounts Available for Appropriation	112,824	125,863	125,592	(271)
Charges to Appropriations (Outflows)				
Public Safety				
Salaries and wages	26,400	36,680	36,530	150
Payroll taxes	2,200	1,735	3,854	(2,119)
Operating supplies	3,100	3,315	5,774	(2,459)
Utilities	7,950	5,950	5,914	36
Repair & maintenance/fuel	20,950	18,842	15,056	3,786
Training expense	13,000	14,850	14,810	40
Insurance	13,500	20,125	19,902	224
Legal and professional	700	0	0	0
Miscellaneous	600	770	545	(225)
Capital outlay				
Non grant capital outlay	12,600	11,555	12,936	(1,381)
Transfers to other funds	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>0</u>
Total Charges to Appropriations	<u>108,000</u>	<u>120,822</u>	<u>122,321</u>	<u>(1,499)</u>
Budgetary Fund Balance-March 31	<u>\$ 4,824</u>	<u>\$ 5,041</u>	<u>\$ 3,271</u>	<u>\$ (1,772)</u>

**HOPKINS AREA FIRE CONTROL BOARD
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
YEAR ENDED MARCH 31, 2007**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 25,114	\$ 25,114	\$ 25,114	\$ 0
Resources (Inflows)				
Interest	0	0	596	596
Transfers from other funds	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Amounts Available for Appropriation	<u>30,114</u>	<u>30,114</u>	<u>30,710</u>	<u>596</u>
Charges to Appropriations (Outflows)				
Public Safety				
Transfers to General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Charges to Appropriations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budgetary Fund Balance-March 31	<u><u>\$ 30,114</u></u>	<u><u>\$ 30,114</u></u>	<u><u>\$ 30,710</u></u>	<u><u>\$ 596</u></u>

ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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October 26, 2007

Members of the Board
Hopkins Area Fire Control Board

We have audited the books and records of the Hopkins Area Fire Control Board, as of and for the year ended March 31, 2007, and have dated our report October 26, 2007.

In conjunction with our audit, and based on inquiries of management, as well as observations, we offer the following comments and recommendations for your consideration.

Payroll reporting

During our audit testing procedures, we noted that the firemen's wages were not calculated with payroll taxes consistently. We further noted that the firemen's meeting compensation was not included as salary expense and payroll taxes were not withheld, matched and remitted as in the prior years. Upon discussion with management, we understand that this was an oversight. As a result, we recommend that the 2006 payroll be corrected. The nearly \$14,000 in meeting wages were excluded from w-2s, payroll tax payments and reporting requirements. We recommend that the 2006 wages paid to the firemen be recalculated, forms 941c, w-2c and w-3c be filed, and the payment of approximately \$2,100 in payroll tax liabilities made. The payroll correction may result in some firemen in need of amending their 2006 income tax forms, however, this inconvenience is far outweighed by the advantage that all payroll taxes were paid on their behalf for Social Security and Medicare, and that the Fire Board avoids all possible risk of audit and tax recharacterization interest and penalties in the future. Please contact our office if there are any questions in regard to this process.

The 2007 wages should be re-checked as well. The firemen's wages, meeting compensation, and training wages should be analyzed to ensure that the proper payroll wages and taxes are withheld, matched, reported and remitted in the current year.

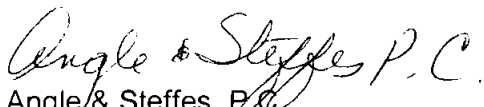
Budget review

We have noted a few expense categories where expenditures exceed the budget. We are aware that the Fire Board does monitor its budget. We ask continued diligence in this matter.

Other Matters

In general the Board's books and records are in acceptable condition. All management functions are performing at an acceptable level of reliability. We greatly appreciate the complete cooperation of all the management personnel.

Respectfully submitted,



Angle & Steffes, P.C.
Certified Public Accountants